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Leo Cherne Remarks
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The Information Revolution and the Soviet Union

The opening remarks by Bill Casey, the detailed and excellent content provided by the Issues Papers make vivid indeed the enormity of the challenge with which the Information Revolution confronts the Soviet Union. These more recent challenges are super-imposed on what had been long intractable problems the Soviet Union has found difficulty solving.

The structural changes associated with the Information Revolution are profoundly different from other aspects of modernization which have occurred during the post-World War period.

"Structural change" occurs infrequently in human history and is a particularly bloodless phrase for transformations that can change the destiny of nations, the welfare of peoples, and even the course of civilization.

Structural changes irreversibly affect power -- economic, political, and military power. There are virtually no structural changes which do not have a disruptive effect on the stability of a society's political and economic system. Most structural changes inherently alter the distribution of power among states, and the distribution of power and expectations within individual states.

Structural change is always introduced by a new invention or new technology or conception. The invention of movable type is an illustration of an essentially technological development which left virtually nothing unchanged thereafter.

Genuine structural change obsoletes a considerable portion

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of previous human knowledge and has a most destructive effect upon the prevailing disciplines and doctrines which have served nations well until the structural change occurred.

The following two quotations are illuminating:

Hans-Dietrich Genscher on December 13, 1983 said the following: "The international economy is in the throes of sweeping structural change that is transforming the world into an information society based on high technology. The Federal Republic of Germany and Western Europe can only maintain their prosperity by keeping up with the third industrial revolution emanating from America and Japan."

A perception of different character was made by Peter Drucker in the Spring 1986 issue of Foreign Affairs. This is what Drucker had to say:

"The talk today is of the 'changing world economy.' I wish to argue that the world economy is not 'changing'; it has already changed -- in its foundations and in its structure -- and in all probability the change is irreversible.

"Within the last decade or so, three fundamental changes have occurred in the very fabric of the world economy:

"--The primary-products economy has come 'uncoupled' from the industrial economy.

"--In the industrial economy itself, production has come 'uncoupled' from employment.

"--Capital movements rather than trade (in both goods and services) have become the driving force of the world economy. The two have not quite come uncoupled, but the link has become loose, and worse, unpredictable. "These changes are permanent rather than cyclical."

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If the uniqueness of the structural change introduced by the Information Revolution does not shape our understanding of the Soviet dilemma and indeed the dilemma which confronts all of us in what is now a globalized economy, we may well be led astray in our understanding of possible Soviet responses as well as of the policy options which confront Western nations in their relationship to the Soviet Union.

The pre-Information Age problems which have bedeviled the Soviet Union have led to certain assumptions about their effect upon the Soviet political economy which in certain circles of the United States have reached the level of dogma. It is very clear that the Soviet Union faces serious and growing economic, demographic, technological, and managerial problems. I don't question the reality of those problems, yet I ~~will be~~ urging that there be a fresh and agnostic analytic effort to reexamine certain of the conclusions which have previously been reached.

At the extreme, these conclusions contain the following elements: The essentiality of total political control will disable the Soviet Union from making an adequte adjustment to the imperatives of the Information ~~Age~~ Revolution and the technological advances which are assumed to require the injection of significant intellectual and scientific freedom.

It is assumed that the problems will prove so unmanageable as to progressively disadvantage the Soviet's industrial and military capability. It is at the extreme assumed that if sufficient

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time passes, these problems will do the Soviet Union in.

It is possible, if not likely, that these judgments are correct. The absolutely central nature of these judgments is of such critical importance, as are the policy options which flow from them, that it is indispensable that they be subjected to the most determined expert examination. What makes this particularly important is that in certain circles the conviction that the Soviets' very real problems will in time lead them to self-destruct has taken on an almost theological and unquestioned immutability.

It is likely that the Information Revolution will make even more difficult substantial progress by the Soviet Union in dealing with the combination of its chronic and new problems. The sheer magnitude of the demographic difficulties the USSR faces as the population of Great Russia declines and that of its ethnic Republics, particularly those which are Moslem, increases, together with the decline in Soviet GNP, the acute deficiencies in its agriculture and transportation, its serious health and environmental problems, the Soviets' shortage of hard currency, and the absence of sufficient consumer goods and housing which make motivated work and quality difficult to achieve.

There is, however, the possibility that the enormity of the new difficulties which the Information Age presents Gorbachev and the Central Committee may lead to changes previously unlikely.

The assumptions which have been based on these very real difficulties may too readily have led us to assume that they would, in time, and not necessarily a very long period of time, seriously impede the Soviet Union in its major objectives. Now add to these

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the consequences of the Information Age and the belief is reinforced that much as Gorbachev may wish it, there simply cannot be a relaxation to accomplish what are called the necessary economic reforms without sacrificing political control.

In my own personal view, several misunderstandings are involved in this proposition. I think we misunderstand where the real restraint on Gorbachev may lie ~~, and, consequently, cannot understand how intractable it will prove to be.~~ We assume a burning desire for freedom in the Soviet Union and equate the very real courage of the dissidents, the refuseniks and other dissenters whose human rights are curtailed, as the source which the Soviet Union cannot let loose. Judging simply from the experience I have had with Russian political refugees, including the very substantial number of Jews who went either to Israel or the United States when they were permitted to do so, I must candidly say I know of no emigre group, not one, which has been willing to risk its life in order to find sanctuary elsewhere which has greater difficulty with freedom than do the Russians, either in Israel or the United States. In my opinion, it is not the fear of a political convulsion mounted by the Orlovs or Sakharovs which restrains Soviet policy. Whatever retraint, and it is substantial, comes from its own nomenclatura -- the bureaucrats, the elite, the Party members, who not only hold managerial power and jealousy guard their advantages, but especially value the privileges which go with that managerial eminence.

But there is a more powerful force at work, in my opinion, than even the managerial and political elite. It is the imperative

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of the Information ~~Age.~~ Revolution The same structural changes which are finding us with a serious loss of competitiveness in the freest society in the world will not find the Soviet Union immune. And history is not rich with the experience of nations which have voluntarily committed suicide. States which have long enjoyed a culture which emphasizes discipline, in which power brings together effectively its government purposes, its political policies and its economic imperatives, have thus far best managed to meet the challenges which are central in today's competitive world. I am thinking particularly of Japan. May there not, however, be some relevance to the Soviet Union in this fact.

There are other factors at work: The industrial nations cannot solve their problems of competition simply by selling to each other. ~~The trade which is of significance is the trade with the Third World,~~ and for ~~Europe~~ us this raises the spectre of the natural affinity and complementary nature, not only of Germany and the Soviet Union, but of other nations in Western Europe and the allure, even if illusory, of the Soviet market.

And there is the critical element of will. We are not the best example of its existence. The Soviet Union may be. We are the most advanced in the instruments of communication; the Soviet Union is often better at achieving the results it seeks. Even the telecommunications instruments which have been opened up by the Information Age are more politically productive in the hands of the Soviet Union than they are in the United States and Western Europe.

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There must be a reassessment of our central conviction that the Soviet Union's inability to solve its economic problems may prove lethal to the Soviet Union. It well may be that that is the case. If it is, the Soviet Union will probably know that sooner than we will, and if it is, there is a greater hazard since, as I said, nations do not commit suicide voluntarily. Will the Soviet Union seek to break out of its current and growing impotence by means which are much more dangerous? The dogma which is comforting to us must be challenged by the best brains we have available, if only to convert dogma into estimates one can responsibly rely on.

Henry Rowen, now Professor of Public Management at Stamford University, who immediately prior was director of the top analytic instrument of the CIA, the National Intelligence Council, has come to the view which I summarize all too simply that the Soviet Union is likely to seek to solve its problems with a significant shift in its foreign policy intended to attract "relief and help from the West."

I close with one observation, ~~of which you're all aware.~~ As we examine the difficulties which the Soviet Union is likely to have in an effective adaptation to the Information Revolution, let us keep in mind that at least thus far we have not been spectacularly successful in meeting the same challenges.

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